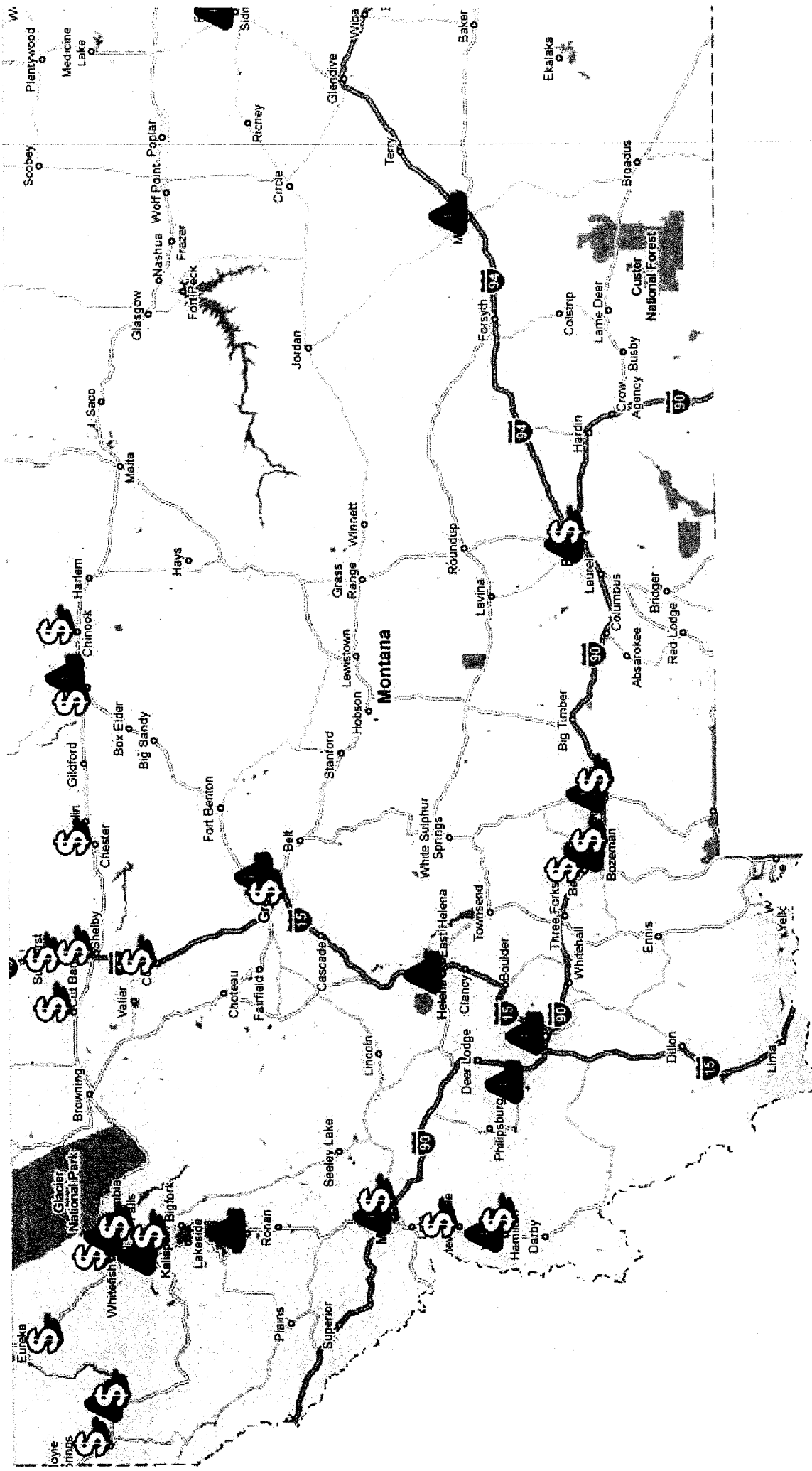



BUSINESS & LABOR

EXHIBIT NO. 9
DATE 2-13-09
BILL NO. SB397



 Payday Lenders

 Credit Unions with payday loan alternatives

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Montana † Catholic † Conference



Testimony for SB 397,"Revise payday and title loan law by capping interest rats and providing repayment plan. Sponsor Kim Gillan Senate Business Labor and Economic Affairs Committee: Friday February 13, 2009

Mr. Chairman and members of the committee: For the record my name is Moe Wosepka, I currently serve as Executive Director of the Montana Catholic Conference. The Montana Catholic Conference is the public policy arm for the two Catholic Bishops in Montana. Previous to my service in this capacity I worked for Good Samaritan Ministries in Helena for over 10 years. Our ministry was to the poor, the homeless, the forgotten in our nursing homes, and the ignored in our prisons and jails. It is from this perspective that I speak to you today.

I had the opportunity to know thousands of low income persons in Helena and the surrounding area. I worked with them as they experienced financial difficulties, and tried to be a friend and mentor to them during the difficult times.

More than once our clients would come to us in need of help to make a title loan payment. They were in eminent danger of loosing their car. They had felt forced to obtain a loan because of an emergency that occurred such as needed repairs for their car, shortage of rent money, or their utility bill payment. Now they were unable to make the payment and their car was in danger of being taken from them.

When they got the loan they would put up their car for collateral. Most times it was a relatively small loan, a few hundred dollars and they would make a payment every month to continue the loan. The payment required was the interest and fee which when calculated as interest would be in the neighborhood of 25% per month or, 300% annually or more. Our clients were barely able to make it through the month as it was, and the extra money they had to pay to maintain the loan would be manageable for a couple months until they ran into another problem. Then they were back, and soon with multiple loans they were unable to make the payments and would loose their car. When the client looses their transportation they loose their job, and the ultimate result for many of the clients is they went back on public assistance. That is the hidden cost of title loans.

A lending authority with reasonable interest for these collateralized loans would be beneficial to low income clients. They like others have needs for emergency cash at times. But no lending program should subject anyone to exorbitant interest rates which trap the borrower in a perpetual debt through unaffordable payments.

We worked hard to help our low income friends increase their opportunities through education, and job training. We worked hard to help them find a job, gave them work clothing, and gas to get to work. Then all that our clients had accomplished would be undone with one emergency need for cash and the resulting trip to a title loan agency. The payments were impossible for an already cash strapped family and ultimately the car was repossessed. Finally the family was back where they started jobless, demoralized, and collecting public assistance.

The Montana Catholic Conference stands in support of SB 397. Thank you for your time.